

which is an important expression on the part of this country of support of these countries. They are struggling mightily as they emerge from behind the Iron Curtain, as new democracies of Central and Eastern Europe shaping their own economies, to put their people to work, to assume their role in the European Community.

Many of these emerging countries, new democracies, were also very supportive of the coalition of Great Britain, Spain, and the United States in our recent effort in Iraq. They recognize the importance of stability. They also were the subject of a form of dictatorship in communism and control and their disappearance behind the Iron Curtain and within the Soviet Union for over 45 years. They appreciate the right of free people to shape their countries and their economies, probably more so than any other country around the globe today because they are newly freed nations.

I think it is important, in dealing with this effectively, as we debate it this afternoon and tomorrow, to understand that it is a role we play in cooperation with the European Community today and we will continue to have a strong role in NATO, but one that I think deserves to be redefined as the new emerging democracies of Europe become members of the North Atlantic Treaty Organization.

I am very excited about the opportunity for them. I was extremely excited to see what they are doing in Romania today and the hard work that is going on there to shape a new country, to build an economy, and to get their people back to work and out from under the old government bureaucracies of communism, and to recognize there really is a marketplace and there really is representative government and that free people can be phenomenally inventive, creative, and geniuses when they are free to the market, free to the profit incentive.

Romania clearly has that opportunity. I was over there on a different mission than to deal with NATO. I was there on a mission for children. I am the chairman of the Congressional Coalition on the Adoption Institute. As Romania was emerging, we know there were a good number of accusations over the past years, following the dictatorship of Ceausescu and when the world got a chance to see inside Romania, about how they were handling their orphans and children who had no families.

I began to work through the Adoption Institute for the ratification of the Hague Treaty which developed an international protocol that all nations we hope will conform to as to how they deal with their children and how they deal with intercountry adoption within a process that makes it transparent, legitimate, and legal so there is no trafficking of children.

Romania has been accused of such activity. As a result of that, the President of Romania and their parliament

decided to put a moratorium on intercountry adoption for a time. It caught a number of Americans who were in the process of adopting Romanian children midstream in those adoptions. They are working very hard at this moment, if you will, to clean up their act. They have excellent people working now to reform the whole of child care in Romania. We saw great examples of that.

They are also working to make sure they are in full compliance with the protocol of the Hague Treaty and to build a transparency into the system and to effectively register the agencies that function in the areas of adoption.

In the course of all of that discussion, and in visiting with nearly all of the elected officials of Romania, certainly the president, the prime minister, defense ministers, and others, they recognize all of these issues go hand in glove as they emerge into an environment where they can become a member of the North Atlantic Treaty Organization and ultimately a member of the European Union. Of course, for them and for their country, their economy, and their citizenry, this is an ever-important process, an important march and journey that the country of Romania is on.

That is certainly true in the broad sense of all of the countries I just mentioned that are now looking for acceptance into the North Atlantic Treaty Organization. It is important we speak to that. A good deal more will be said certainly by Senators WARNER, LEVIN, ROBERTS and others, along with Senator DODD, as we deal with this issue and vote on this particular Executive Calendar number.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CRAIG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DOUBLE TAXATION

Mr. CRAIG. Mr. President, since we are still in morning business, I will speak a few more moments until another of my colleagues asks for time.

Because it is time sensitive, I thought I would talk for a few moments about the issue of double taxation of dividends that is currently before our Finance Committee and certainly is a major component of our President's stimulus package.

Some weeks ago, before the Special Committee on Aging that I chair, we looked at this issue as it relates to older Americans. I found it fascinating that 71 percent of all taxable cash dividends are received by Americans age 55 and older. Dividend income benefits older workers and seniors who worked very hard throughout their working life, sacrificed, saved, and invested in

stocks, and in their senior years were most assuredly concerned that those stocks were dividend producers.

Unfortunately, dividend income is taxed twice—we know that—once at the company level and then again at the individual level. In effect, it certainly punishes older Americans for taking personal responsibility in their lives to save and build a little nest egg as a part of their total retirement.

This pie chart demonstrates that very clearly. Dividend penalties are received by more than half of all of our seniors. This pie chart shows that 52 percent of seniors receive taxable dividends. Nine million seniors are age 65 and older, many on fixed incomes, and rely on a little dividend income. The average dividend income for these seniors is over \$4,000 a year, and that is very significant to a retired person living on a fixed income.

That is one of the reasons our President put this idea forth. But it is only one reason. The economists who we had before the Special Committee on Aging talked about a lot of other issues embodied in this concept.

When our President first proposed it, there were a good many who said: Why this? How could this be stimulative to the economy? As those critics began to examine what our President proposed and put it in a computer model to see what kind of stimulative effect it might have, they began to recognize that it might have considerable effects.

Economists are now suggesting it would reduce the cost of business investment by 10 to 25 percent. In other words, the cost of capital that businesses require to build plants and create jobs could be reduced by as much as 25 percent. And, in fact, they would be removed from basically a 71-percent net tax bracket in which dividends or profits of corporations find themselves.

I find it interesting that we are the country of the free enterprise system, we are the country of big business, in which the rest of the world wants to invest, generating and creating the jobs on which so many of our workers depend—and at the same time we tax our profits from these businesses at nearly 71 percent. We tax them in combination twice, once at the corporate level and once at the individual level.

We are now beginning to find increased business investment that would result and have a tremendous stimulative effect on our economy and would boost the technology side of spending in our country. That is one of the very areas that help is so directly needed.

Most technology companies depend on purchases made by the industries most likely to pay dividends. It is the growth generating effect of the two in combination that is so important. These industries include manufacturing, banking, insurance, transportation, communications, and other sectors. All of them currently are flat or growing very slowly.

The strength of these industries depends on boosting their business investment. If these industries are strong and are buying the new technologies of the country, then our technology side also begins to strengthen. Of course, increased use of technology by workers improves worker productivity.

You have to get the marketplace working and you have to get investment back into the market to increase productivity. Productivity is the ultimate source of economic prosperity.

While it will tremendously benefit seniors—and these are statistical facts on which we all agree—what we are really talking about is jobs. What the American people are questioning and asking for right now is job creation, and we are playing politics with an awfully important issue that can have the effect of stimulating the economy, bringing investment into the economy, and creating those jobs that the American people are extremely concerned about today. Technology, the application of investment into these fields, ratchets upwards and does exactly what we want it to do, producing higher levels of productivity and driving wages higher for all of our citizens. It is an economic combination that works well.

It is interesting that the economic critics are quiet because they have done their modeling and they have seen the positive, job creating effect of ending the double taxation of dividends. It is now the political critics who step forward saying we cannot do this kind of thing. Of course, if one is a critic of the issue and their political advantage requires that somebody ought to fail who has put this issue forward, then denying this economy the ability to grow is certainly in the forefront of their concern.

The argument is deficits and spending, that government does not create jobs, it just spends a lot of money. Yes, ending the dividend penalty can have an effect, and I talked earlier this morning about the effect of technology and the application of technology once it is well developed in areas where the public sector cannot go.

That ultimately will create jobs when it is applied in the private sector, but certainly the kind of spending we are talking about as it relates to government is not what generates jobs. What will generate jobs and what most of us have come to realize can generate jobs—is an effective economic stimulus package that does not double tax, that does not penalize profit-seeking, and that does allow a reduction in the cost of capital by as much as 10 to 25 percent.

In my State of Idaho, employment decreased by 6,000 workers last year, and we are not a big State. Earlier this year, Micron, one of my larger employers, announced a plan to lay off 1,000 people. Zilog, a California company employing a number of people, closed its doors. The dividend taxation is, in part, something that can change this

equation effectively and, I think, responsibly. I hope the Finance Committee can bring a stimulus package to the floor that has the elimination of double taxation as a centerpiece to the total package that we will be voting on here in the next couple of weeks.

I see my colleague, the chairman of the Judiciary Committee, the senior Senator from Utah, is now on the floor. I will yield the floor so he has adequate time to speak. I thank my colleagues for listening.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Mr. President, I thank my colleague for his excellent remarks. My colleague from Idaho has been a formidable force in the Senate for many years and he has done a terrific job, and these particular remarks I agree with and associate myself with.

Mr. CRAIG. I thank my colleague.

THE LOOMING SUPREME COURT BATTLE

Mr. HATCH. Mr. President, I want to take a few moments this morning to share with my colleagues an article that recently appeared in the Washington Times about what may happen if there is a Supreme Court vacancy this year. I hope this article is wrong because it will be a sad day for America if its predictions come true. But I am going to talk about this article because I think its predictions might come true in this bitter, partisan Senate that exists today.

This article, written by James L. Swanson of the Cato Institute, is entitled, *Forthcoming Clash for the Court*. Let me take a moment to share with my colleagues the dire forecast this article sets forth. It begins:

At the Supreme Court of the United States, October Term 2002 is drawing to a close. The justices hear their last oral arguments on April 30, and in late June they will take to the bench for the last time to announce their final opinions of the term. Court watchers await decisions in several important cases, including free-speech and affirmative-action issues, which may not come down until the last day of the term. But that is not the only reason why court watchers have circled the last week in June on the calendar. That is when oddsmakers are betting on the retirement of at least one member of the court.

For months, pundits have speculated that Chief Justice William H. Rehnquist, Justice Sandra Day O'Connor or Justice John Paul Stevens will step down this year. Why?

Because justices traditionally retire under the political party that appointed them, and this is the last chance for these three Republican appointees to retire during President Bush's first term with the assurance that he can fill a vacancy before the 2004 election.

Because, in the case of the chief justice, he has, in three decades of service, gone from lone dissenter to leader of the court's return to the first principles of limited government and federalism, and will go down as one of the most important chief justices in history.

I agree with that assessment. I agree the author is right on that. Chief Justice Rehnquist has been a remarkable chief justice and the Court has done

some remarkable things under his leadership. But the article goes on to say:

Because, in the case of Justice O'Connor, the press spread rumors that she wanted to retire.

Because, in the case of Justice Stevens, he is 83 years old.

Both are excellent people and excellent leaders. Let me go on:

It is impossible to know whether these or any other members of the Supreme Court are planning to retire this year. Many self-styled experts have embarrassed themselves by attempting to predict a justice's vote in a single case, let alone a retirement from the bench. Nor is this to suggest that any of the nine justices should retire. The performance of the oldest justice (John Paul Stevens), to the youngest (Clarence Thomas), of the longest serving (William H. Rehnquist) to the briefest (Stephen Breyer), reveals that all remain able and engaged. Their written opinions confirm that none has suffered an intellectual decline. One may disagree with their views, but not their competence to serve. If a retirement comes, it will occur because the justice wants to step down, not because he or she has to.

It might not happen until the end of June. But it could also happen tomorrow. Justices Potter Stewart, Warren E. Burger and Thurgood Marshall waited until the end of their final terms and made June announcements. But Byron White and Harry Blackmun announced their retirements early, on March 3, 1993, and April 6, 1994, respectively, to give President Clinton ample time to nominate their successors, Ruth Bader Ginsburg and Stephen Breyer, and to win Senate confirmation by, in both cases, the beginning of August.

Although it is impossible to know if or when a vacancy will occur, one thing is easy to predict: how Democrats will respond to Mr. Bush's first nomination of a Supreme Court justice. Senate Democrats, in combination with a cabal of special interest groups, intend to politicize the Supreme Court and oppose any Bush nominee, regardless of who the nominee is. History, both recent and reaching back to the Reagan and first Bush presidencies, offers little encouragement that the Senate will conduct itself professionally and responsibly.

The pattern emerged over time: the Democrats' defeat of Judge Robert H. Bork's nomination to the court in 1987; their near-killing of Judge Clarence Thomas' nomination in 1991; their rage against the Supreme Court for "handing" the presidency to the Republicans in the 2000 election; the notorious Washington Post op-ed by Abner Mikva (former Clinton White House counsel and retired U.S. Court of Appeals judge) calling on the Senate to block any Supreme Court nominations by President Bush; their bottling up superbly qualified appellate court nominees for nearly two years on the Democratic-controlled Senate Judiciary Committee; their obsession with *Roe vs. Wade* and their imposition of ideological litmus tests; their celebration of the American Bar Association seal of approval as the "gold standard"—until the ABA began giving many of Mr. Bush's nominees the highest possible rating; their filibustering of the nomination of Miguel Estrada to the U.S. Court of Appeals in Washington to prevent an up or down vote even after a majority of senators announced that they will vote to confirm him; their threatened filibuster against Texas Supreme Court Justice Priscilla Owen for a seat on the 5th U.S. Circuit Court of Appeals.

That history, and more, exposes what Democrats will do to fight a Bush Supreme